PURCHASE AND REDEVELOPMENT CONTRACT

By and Between

PORT AUTHORITY OF THE CITY OF BLOOMINGTON,

CITY OF BLOOMINGTON, MINNESOTA

and

SOUTH LOOP INVESTMENTS, LLC

Dated: December __, 2014

This document was drafted by:
KENNEDY & GRAVEN, CHARTERED (JAE)
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PURCHASE AND REDEVELOPMENT CONTRACT

THIS PURCHASE AND REDEVELOPMENT CONTRACT, made on or as of the ____ day of December, 2014 (the "Agreement"), is by and between the PORT AUTHORITY OF THE CITY OF BLOOMINGTON, a public body corporate and politic of the State of Minnesota (the "Authority"), the CITY OF BLOOMINGTON, a Minnesota municipal corporation (the "City"), and SOUTH LOOP INVESTMENTS, LLC, a Minnesota limited liability company (the "Developer"). The Authority, the City, and the Developer shall be referred to herein as the "Parties."

WITNESSETH:

WHEREAS, the Authority was created pursuant to Minnesota Statutes, Sections 469.048 to 469.068 and 469.071 (hereinafter collectively referred to as the "Act") and was authorized to transact business and exercise its powers by a resolution of the City Council of the City; and

WHEREAS, the City and the Authority have undertaken a program to promote economic development and job opportunities and to promote the development of land which is blighted or underutilized within the City, and in this connection created a development project known as the Industrial Development District No. 1 – South Loop District (the "Development District") pursuant to the predecessor statute of the Act; and

WHEREAS, pursuant to the Act, the Authority is authorized to acquire real property, or interests therein, and to undertake certain activities to facilitate the redevelopment of real property by private enterprise; and

WHEREAS, the Authority has acquired certain property described in EXHIBIT A attached hereto (the "Development Property") within the Development District and intends to convey that property to Developer for development of certain improvements thereon completed in two phases defined herein as the Minimum Improvements; and

WHEREAS, in order to make the construction of the Minimum Improvements financially feasible for the Developer and to promote density with respect to the commercial development occurring on the Development Property, the City and the Authority have agreed to finance the costs of the Parking Ramp (defined herein) in the amount of up to $5,620,000 with moneys from the South Loop Development Fund; and

WHEREAS, the Authority and the City believe that the redevelopment of the Development Property pursuant to this Agreement, and fulfillment generally of this Agreement, are in the vital and best interests of the City and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of the applicable State of Minnesota and local laws and requirements under which the Minimum Improvements have been undertaken and is being assisted.

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

ARTICLE I

Definitions

Section 1.1. Definitions. In this Agreement, unless a different meaning clearly appears from the context:

"Access Easement" means an Access and Maintenance Easement Agreement between the Authority and the Developer, providing for access and parking rights for the mutual benefit of the owners of the Phase I Property, the Phase II Property and the Parking Ramp Property, and providing for maintenance of such easement areas.

"Act" or "Port Authority Act" means Minnesota Statutes, Sections 469.048 to 469.068 and 469.071, as amended.

"Affiliate" means any other party controlling, controlled by or under common control with such particular party, where "control" means the possession, directly or indirectly, of the power to direct the management and policies of a party whether through the ownership of voting securities, contract or otherwise, and includes all subsidiaries and affiliated companies of a party.

"Agreement" means this Purchase and Redevelopment Contract, as the same may be from time to time modified, amended, or supplemented.

"Authority" means the Port Authority of the City of Bloomington, or any successor or assign.

"Authority Representative" means the Administrator of the Authority, or any person designated by the Administrator to act as the Authority Representative for the purposes of this Agreement.

"Business Subsidy Act" means Minnesota Statutes, Sections 116J.993 to 116J.995, as amended.

"Business Subsidy Act Certificate" means a Business Subsidy Act Certificate to be provided by the Developer pursuant to Section 4.10 in substantially the form set forth in EXHIBIT G.

"Certificate of Completion" means, for each Phase, the certification provided to Developer pursuant to Section 5.5 of this Agreement and in substantially in the form attached hereto as EXHIBIT B.

"City" means the City of Bloomington, Minnesota.

"City Representative" means the City Manager of the City, or any person designated by the City Manager to act as the City Representative for the purposes of this Agreement.

"Closing" or "Phase I Closing" or "Phase II Closing" for each respective Phase, has the meaning provided in Sections 3.3(b) and 3.4(b).

"Construction Plans" means, for each Phase, the plans, specifications, drawings and related documents on the construction work to be performed by Developer on the Development Property which (a) shall be as detailed as the plans, specifications, drawings and related documents which are submitted to and approved by the appropriate building officials of the City, and (b) shall include at least the following for each building: (1) site plan; (2) foundation plan; (3) basement plans; (4) floor plan for each floor; (5) cross sections of each (length and width); (6) elevations (all sides); (7) landscape plan; and (8)

such other plans or supplements to the foregoing plans as the Authority and the City may reasonably request to allow it to ascertain the nature and quality of the proposed construction work.

"County" means Hennepin County, Minnesota.

"Deed" means each of the quit claim deeds from the Authority to the Developer in substantially the form set forth in EXHIBIT C attached hereto.

"Developer" means South Loop Investments, LLC, a Minnesota limited liability company, or its permitted successors and assigns.

"Development District" means the Authority's Industrial Development District No. 1 – South Loop District.

"Development Property" means the Phase I Property and the Phase II Property.

"Event of Default" means an action by Developer listed in Article IX of this Agreement.

"Holder" means the owner of a Mortgage.

"Lender" means the entity or entities providing construction and/or permanent financing to the Developer for the Minimum Improvements and the Development Property.

"Market Value Determination" means, unless the fair market value of the property to be purchased by the City or the Authority as described in Section 6.1(f) (the Phase I Property and the Phase I Minimum Improvements or the Phase II Property and the Phase II Minimum Improvements or any component thereof) is agreed upon by the Parties within thirty (30) days of the City's or the Authority's exercising its option to buy such property, the market value shall be determined by appraisal, made by a market value board consisting of three (3) appraisers selected as provided below who are experienced in the valuation of commercial properties similar to the Phase I Property and the Phase I Minimum Improvements or the Phase II Property and the Phase II Minimum Improvements (as applicable) in the Minneapolis/St. Paul metropolitan area, and each of whom shall be a member of the Appraisal Institute with the designation of "MAI." The Authority or City shall appoint the first appraiser and shall notify the Developer of such appointment. Within ten (10) business days following receipt by the Developer of such notice from the Authority or City, the Developer shall appoint the second appraiser and shall promptly notify the Authority or City of such appointment. The first two appraisers shall appoint a third appraiser. If the first two appraisers are unable to agree on a third appraiser within twenty (20) days after the Developer's notice of the appointment of the second appraiser, or if either party refuses or neglects to appoint an appraiser as herein provided, then such appraiser whose appointment was not made as aforesaid shall be appointed within ten (10) days by the President of the Appraisal Institute, or by such successor body hereafter constituted exercising similar functions. The members of the market value board, acting independently, shall each determine the market value of the Phase I Property and the Phase I Minimum Improvements or the Phase II Property and the Phase II Minimum Improvements (as applicable), and within sixty (60) days after the appointment of the third appraiser, shall each submit their determination of such market value to the Authority or City and the Developer. If the determinations of at least two (2) of the appraisers shall be identical in amount, said amount shall be deemed to be the market value, if the determinations of all three (3) appraisers shall be different in amount, the market value shall be determined as follows:

(a) If neither the highest nor lowest appraised value differs from the middle appraised value, by more than ten percent (10%) of such middle appraised value, or both the highest and lowest appraised

values differ from the middle appraised value by more than ten percent (10%) of such middle appraised value, then the market value shall be deemed to be the average of the three appraisals;

(b) If either, but not both, of the highest and lowest appraised values differs from the middle appraised value by more than ten percent (10%) of such middle appraised value, then the market value shall be deemed to be the average of the middle appraised value and the appraised value closest in amount to said middle value.

The market value as determined in accordance with the provisions of this subsection shall be binding and conclusive upon the Parties. The Authority (or the City) and the Developer shall each pay 50% of the expenses incurred in connection with the market value board, including the reasonable fees of all three appraisers.

"Minimum Improvements" means, collectively, the Phase I Minimum Improvements and the Phase II Minimum Improvements.

"Mortgage" means any mortgage made by Developer which is secured, in whole or in part, with the Development Property, and any modification, supplement, extension, renewal or amendment thereof.

"Parking Lease and Management Agreement" means the Parking Lease and Management Agreement between the Developer and the Authority, whereby the Authority leases the Parking Ramp Property and the Parking Ramp to the Developer and the Developer agrees to manage, operate, insure and maintain the Parking Ramp.

"Parking Management Plan" means the Parking Management Plan between the Authority and the Developer, whereby the Developer agrees to ensure shared parking in the Parking Ramp for the various users of the Development Property.

"Parking Ramp" means a structured parking ramp constructed on the Parking Ramp Property with approximately 320 parking spaces with substantially the size, features and standards specified on EXHIBIT F attached hereto.

"Parking Ramp Property" means the real property upon which the Parking Ramp will be constructed, as described in EXHIBIT A attached hereto.

"Phase" means either the Phase I Minimum Improvements or the Phase II Minimum Improvements.

"Phase I Minimum Improvements" means the construction on: (i) the Phase I Property of an approximately 74,000 square foot hotel, including approximately 140 units, an approximately 1,500 square foot coffee shop, an approximately 9,500 square foot restaurant, approximately 90 surface parking spaces, and a public plaza area; and (ii) the Parking Ramp Property of the Parking Ramp on the Parking Ramp Property.

"Phase I Property" means the real property delineated in the site plan set forth in EXHIBIT A-1 attached hereto. The legal description of the Phase I Property will be finalized after the execution of this Agreement.

"Phase II Minimum Improvements" means the construction on the Phase II Property of an approximately 14,500 square foot grocery or pharmacy and approximately 21 surface parking spaces.

"Phase II Property" means the real property delineated in the site plan set forth in EXHIBIT A-1 attached hereto. The legal description of the Phase II Property will be finalized after the execution of this Agreement.

"Public Plaza" means the approximately 3,350 square foot public plaza located in the northwest corner of the Development Property, as shown on the Site Plan in EXHIBIT E attached hereto.

"Public Plaza Easement" means the Public Plaza Easement and Maintenance Agreement between the City and the Developer.

"Recapture Agreement" means the Recapture Agreement between the Authority and the Developer, whereby the Developer agrees to repay a portion of the assistance provided pursuant to this Agreement if the Developer receives agreed upon profits from the Minimum Improvements.

"State" means the State of Minnesota.

"Tax Official" means any County assessor, County auditor, County or State board of equalization, the commissioner of revenue of the State, or any State or federal district court, the tax court of the State, or the State Supreme Court.

"Termination Date" means the earlier of the date the Parking Lease and Management Agreement terminates or the date the Developer, the Authority or the City terminates this Agreement pursuant to Article X hereof. Notwithstanding the foregoing, with respect to the Developer's obligations under Articles III, IV, and V and Section 11.3, "Termination Date" shall mean with respect to: (i) the Phase I Minimum Improvements, two years after completion of the Phase I Minimum Improvements as documented by a Certificate of Completion issued by the City as contemplated by Section 5.5, and (ii) the Phase II Minimum Improvements, two years after completion of the Phase II Minimum Improvements as documented by a Certificate of Completion issued by the City as contemplated by Section 5.5.

"Unavoidable Delays" means unexpected delays which are the direct result of: (i) adverse weather conditions; (ii) shortages of materials; (iii) strikes and other labor troubles; (iv) fire or other casualty to the Minimum Improvements; (v) litigation commenced by third parties which, by injunction or other judicial action, directly results in delays; (vi) acts of any federal or State governmental unit, including legislative and administrative acts; (vii) approved changes to the Construction Plans that result in delays; (viii) delays caused by the discovery of any adverse soil conditions or environmental condition on or within the Development Property to the extent reasonably necessary to comply with federal and State environmental laws, regulations, orders or agreements; (ix) delay in the issuance of any license or permit by any governmental entity, provided application therefor is timely made and diligently pursued by Developer; and (x) any other cause or force majeure beyond the control of Developer which directly results in delays.

ARTICLE II

Representations and Warranties

Section 2.1. Representations by the Authority. The Authority makes the following representations as the basis for the undertaking on its part herein contained:

(a) The Authority is a port authority duly organized and existing under the laws of the State. Under the provisions of the Act, the Authority has the power to enter into this Agreement and carry out its obligations hereunder.

(b) The activities of the Authority described herein are undertaken to foster the redevelopment of certain real property which for a variety of reasons is presently underutilized, to prevent the emergence of blight at a critical location in the City, to create increased tax base in the City, and to stimulate further development of the Development District as a whole.

Section 2.2. Representations and Warranties of the Authority Regarding Development Property.

(a) As of the date of this Agreement, the Authority owns the Development Property, free and clear of any and all liens, restrictions, encumbrances, options, claims and rights of others.

(b) The Authority has not received any notice of any violation of any law, municipal ordinance or other governmental requirement affecting the Development Property.

(c) To the best of the Authority's knowledge, no hazardous substances are located on or have been stored, generated, used, processed or disposed of on or released or discharged from or to (including ground water contamination) the Development Property and no above or underground storage tanks exist on, or have been removed from, the Development Property.

(d) No litigation or proceedings are pending or, to the best of Authority's knowledge, contemplated, threatened or anticipated, relating to the Development Property, or any portion thereof.

(e) The Authority has no knowledge of, and did not grant, any unrecorded agreements, undertakings or restrictions which affect the Development Property. There are no tenants, persons or entities occupying any portion of the Development Property and no claims exist against any portion of the Development Property by reason of adverse possession or prescription.

(f) To the best of Authority's knowledge, there are no wells on the Development Property within the meaning of Minnesota Statutes, Section 1031.235, there is no sewage generated at the Development Property to be managed, and there is no individual sewage treatment system located on or serving the Development Property.

(g) There are no special assessments or other special charges levied against the Development Property except as otherwise disclosed herein.

(h) The Development Property has or will have water, sanitary sewer, and storm sewer utility services stubbed to the Development Property at Closing. Electricity, natural gas, and telecommunications utility services are adjacent to and available to the Development Property and the

Developer will contract with the private providers of those utilities to ensure connection with the Development Property.

Section 2.3. Representations by the City. The City makes the following representations as the basis for the undertaking on its part herein contained:

(a) The City is duly organized and existing under the laws of the State and its home rule charter. The City has the power to enter into this Agreement and carry out its obligations hereunder.

(b) The activities of the City described herein are undertaken to foster the redevelopment of certain real property which for a variety of reasons is presently underutilized, to prevent the emergence of blight at a critical location in the City, to create increased tax base in the City, and to stimulate further development of the Development District as a whole.

(c) The Phase I Property will not be subject to a City sewer access charge if the Phase I Minimum Improvements are commenced on or prior to December 31, 2015.

Section 2.4. Representations and Warranties by Developer. Developer represents and warrants that:

(a) The Developer is a limited liability company duly organized and in good standing under the laws of the State, is not in violation of any provisions of its articles of organization or bylaws or, to the best of its knowledge, the laws of the State, is duly authorized to transact business within the State, has power to enter into this Agreement and has duly authorized the execution, delivery and performance of this Agreement by proper action of its members.

(b) The Developer has received no written notice or communication from any local, State or federal official that the activities of Developer, the City or the Authority in the Development District would be in violation of any environmental law or regulation (other than those notices or communications of which the City or the Authority is aware). Developer is aware of no facts the existence of which would cause the Development Property to be in violation of or give any person a valid claim under any local, state or federal environmental law, regulation or review procedure.

(c) To the best of Developer's knowledge and belief, neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provisions of any partnership or company restriction or any evidences of indebtedness, agreement or instrument of whatever nature to which Developer is now a party or by which it is bound, or constitutes a default under any of the foregoing.

Section 2.5. Representations Deemed Remade at Closing. All representations and warranties made in Article II shall be deemed remade as of Closing and shall be true and correct as of Closing and shall be deemed to be material and to have been relied upon by the parties, notwithstanding any investigation or other act of Developer heretofore or hereafter made, and shall survive Closing and execution and delivery of each Deed for the time period equal to the applicable statute of limitations.

ARTICLE III

Conveyance of Property

Section 3.1. Status of the Development Property. The City purchased the Development Property in 2010 and conveyed it to the Authority. The Authority will convey title to and possession of the Development Property to Developer, subject to all the terms and conditions of this Agreement.

Section 3.2. Purchase Price. The exact sizes and configurations of the Phase I Property and the Phase II Property have not been finalized. The purchase price to be paid to the Authority by Developer in exchange for the conveyance of the Phase I Property, which is estimated to be approximately 98,227 square feet, shall be $2,340,898, payable at the Phase I Closing. The purchase price to be paid to the Authority by Developer in exchange for the conveyance of the Phase II Property, which is estimated to be approximately 51,700 square feet, shall be $1,000,000, payable at the Phase II Closing. Following the final decisions regarding the size and configuration of the Phase I Property and the Phase II Property, if the sizes of the parcels are materially different from what is provided for in this Section 3.2, the Parties shall mutually agree on the appropriate purchase price adjustments for the Phase I Property and the Phase II Property. Notwithstanding the foregoing, after the expiration of the three year period that the Developer has to develop the Phase II Property (as described in Section 4.7), the purchase price of the Phase II Property shall increase by a factor of 5.0% for each year following such three year period, commencing with the first year following the end of the three year period.

Section 3.3. Conditions of Conveyance – Phase I Property.

(a) The Authority shall convey title to and possession of the Phase I Property to the Developer at the Phase I Closing by quit claim deed substantially in the form set forth in EXHIBIT C attached hereto. The Authority's obligation to convey the Phase I Property to the Developer, and Developer's obligation to purchase the Phase I Property, is subject to satisfaction of the following contingencies, terms and conditions:

(1) The Developer having secured permanent financing for the acquisition of the Phase I Property and the construction of the Phase I Minimum Improvements and Authority having approved such financing in accordance with Article VIII hereof, and the Developer having closed on such financing at or before the Phase I Closing.

(2) There is no uncured Event of Default under this Agreement by any party to this Agreement.

(3) The Authority or applicable governing entity having approved Construction Plans for the Phase I Minimum Improvements in accordance with Section 5.2.

(4) The Developer having reviewed and approved (or waived objections to) title to the Phase I Property as set forth in Section 3.6 hereof.

(5) The Developer having reviewed and approved (or waived objections to) soil and environmental conditions as set forth in Section 3.7.

(6) The Authority having held a duly noticed public hearing and approves the conveyance of the Phase I Property as required by Minnesota Statutes, Section 469.065.

(7) The Developer and City having negotiated, executed and delivered a Public Plaza Easement on terms and conditions mutually acceptable to both Parties.

(8) The Developer and the Authority having negotiated, executed and delivered, on terms mutually acceptable to both the Developer and the Authority, the Parking Lease and Management Agreement, the Parking Management Plan, the Recapture Agreement, and one or more Access Easements.

(9) The Developer and the Authority having worked together to replat the Development Property in a manner mutually agreed upon by the Authority and the Developer, with all costs of replatting paid by the Developer, and such replat shall have been approved by the City, and any other required governmental agency.

(10) The Authority having removed all piled dirt, gravel or other material from the Development Property to the satisfaction of the Developer, prior to any Phase I Closing.

(11) The Developer having obtained all approvals, architectural reviews, licenses, zoning, franchises, leases, permits, variances, building permits, environmental permits, and environmental approvals that are necessary or desirable for the Developer's intended development of the Development Property.

Conditions (4), (5), (10) and (11) are solely for the benefit of the Developer, and may be waived by the Developer. Conditions (1), (2), (3), (7), (8), and (9) are for the benefit of the Authority, the City, and the Developer and may only be waived by all parties. Condition (6) may not be waived.

(b) The Phase II Closing shall occur upon satisfaction of the conditions specified in this Section, but no later than September 30, 2015; provided, however, that if all of the foregoing conditions have not been satisfied or waived on or before September 30, 2015, either the Authority or Developer may thereafter terminate this Agreement by ten days' written notice, in which case, neither party shall have any obligations or liability to the other hereunder.

(c) Pursuant to Minnesota Statutes, Section 469.065, the Developer must commence construction of the Phase I Minimum Improvements within one year of the Phase I Closing and this condition of the sale of the Phase I Property must be incorporated into the Deed. Notwithstanding this statutory requirement, the Developer agrees to commence construction of the Phase I Minimum Improvements on or prior to May 31, 2016, pursuant to Section 5.3.

Section 3.4. Conditions of Conveyance – Phase II Property.

(a) The Authority shall convey title to and possession of the Phase II Property to the Developer at the Phase II Closing by quit claim deed substantially in the form set forth in EXHIBIT C attached hereto. The Authority's obligation to convey the Phase II Property to the Developer, and Developer's obligation to purchase the Phase II Property, is subject to satisfaction of the following terms and conditions:

(1) The Developer having secured permanent financing for the acquisition of the Phase II Property and the construction of the Phase II Minimum Improvements, Authority having approved such financing in accordance with Article VII hereof, and the Developer having closed on such financing at or before the Phase II Closing.

(2) There being no uncured Event of Default under this Agreement by any party to this Agreement.

(3) The Authority or applicable governing entity having approved Construction Plans for the Phase II Minimum Improvements in accordance with Section 5.2.

(4) The Developer having reviewed and approved (or waived objections to) title to the Phase II Property as set forth in Section 3.6 hereof.

(5) The Developer having reviewed and approved (or waived objections to) soil and environmental conditions as set forth in Section 3.7.

(6) The Authority having held a duly noticed public hearing and approves the conveyance of the Phase II Property as required by Minnesota Statutes Section 469.065.

(7) The Developer and the Authority having negotiated, executed and delivered an amendment to the Recapture Agreement based on the terms for amending such document to be included in the Recapture Agreement, to incorporate the Phase II Property and Phase II Minimum Improvements.

(8) All of the conditions specified in Section 3.3(a) shall have been satisfied.

(9) Developer shall have purchased the Phase I Property pursuant to Section 3.3(b) above.

Conditions (4) and (5) are solely for the benefit of the Developer, and may be waived by the Developer. Conditions (1), (2), (3), (7), (8), and (9) are for the benefit of both the Authority and the Developer and may only be waived by both parties. Condition (6) cannot be waived.

(b) The Phase II Closing shall occur upon satisfaction of the conditions specified in this Section, but no later than September 30, 2018; provided, however, that if all of the foregoing conditions have not been satisfied or waived on or before September 30, 2018, either the Authority or Developer may thereafter terminate this Agreement by ten days' written notice, in which case, neither party shall have any obligations or liability to the other hereunder.

(c) Pursuant to Minnesota Statutes Section 469.065, the Developer must commence construction of the Phase II Minimum Improvements within one year of the Phase II Closing and this condition of the sale of the Phase II Property must be incorporated into the Deed. Notwithstanding this statutory requirement, the Developer agrees to commence construction of the Phase II Minimum Improvements on or prior to May 31, 2019, pursuant to Section 5.4.

Section 3.5. Place of Document Execution, Delivery and Recording for Phase I Closings.

(a) Unless otherwise mutually agreed by the Authority, the City and Developer, the execution and delivery of all deeds, documents and the payment of any purchase price shall be made at the offices of Developer's title company or such other location to which the parties may agree.

(b) The Deeds shall be in recordable form and shall be promptly recorded in the proper office for the recordation of deeds and other instruments pertaining to the Development Property. At each Phase I Closing, Developer shall pay all recording costs, including State deed tax, in connection with the conveyance of the Phase I Property or Phase II Property, as applicable; title insurance commitment fees

and premiums, if any; and title company Phase I Closing fees, if any. The Authority shall pay costs of recording any instruments used to clear title encumbrances. The parties agree and understand that the Development Property is exempt from property taxes while owned by the Authority and will be subject to property taxes upon sale to the Developer in the year following the Phase I Closing. Any property taxes (and any installments of special assessments) payable in the calendar year of Phase I Closing shall be pro-rated between the Authority and the Developer as of the Phase I Closing.

Section 3.6. Title. The Developer may examine title of the Phase I Property and the Phase II Property at the same time or separately, and the following provisions shall apply:

(a) As soon as reasonably practical after the date of this Agreement, the Developer shall obtain a commitment for the issuance of a policy of title insurance for the Development Property. The Developer shall have 20 days from the date of its receipt of such commitment to review the state of title to the Development Property and to provide the Authority with a list of written objections to such title. Upon receipt of the Developer's list of written objections, the Authority shall proceed in good faith and with all due diligence to attempt to cure the objections made by the Developer. Promptly after expiration of the Developer's 20-day review period, or after the date that any title objections have been cured to the reasonable satisfaction of the Developer, the Authority and Developer shall proceed with the conveyance of the Development Property pursuant to Sections 3.3 and 3.4 of this Agreement. In the event that the Authority has failed to cure objections within 60 days after its receipt of the Developer's list of such objections, the Developer may (i) by the giving of written notice to the Authority terminate this Agreement, upon the receipt of which this Agreement shall be null and void and neither party shall have any liability hereunder, or (ii) waive any title objections and proceed to Phase I Closing. The Authority shall have no obligation to take any action to clear defects in the title to the Development Property, other than the good faith efforts described above.

(b) The Authority shall take no actions or permit any actions to encumber title to the Development Property between the date of this Agreement and the time each Deed is delivered to the Developer. The Authority expressly agrees that it will not cause or permit the attachment of any mechanics, attorneys', or other liens to the Development Property prior to Phase I Closing. Upon Phase I Closing, the Authority is obligated to pay all costs to discharge any encumbrances to the Development Property or other claims related to the Development Property and attributable to actions of the Authority, its employees, officers, agents or consultants, including without limitation any architect, contractor and or engineer.

(c) The Developer shall take no actions to encumber title to the Development Property between the date of this Agreement and the time each Deed is delivered to the Developer. The Developer expressly agrees that it will not cause or permit the attachment of any mechanics, attorneys', or other liens to the Development Property prior to Phase I Closing. Notwithstanding termination of this Agreement prior to Phase I Closing, Developer is obligated to pay all costs to discharge any encumbrances to the Development Property attributable to actions of Developer, its employees, officers, agents or consultants, including without limitation any architect, contractor and or engineer.

Section 3.7. Soils, Environmental Conditions.

(a) The Authority and the City have supplied the Developer with all environmental reports and related documents the City obtained before it purchased the Development Property in 2010. Before Phase I Closing on conveyance of the Development Property from the Authority to the Developer, the Developer may enter the Development Property and conduct any environmental or soils studies deemed necessary by the Developer. If, at least ten days before Phase I Closing the Developer determines that hazardous waste or other pollutants as defined under federal and State law exist on the Development

Property, or that the soils are otherwise unsuitable for construction of the Minimum Improvements, the Developer may at its option terminate this Agreement by giving written notice to the Authority, upon receipt of which this Agreement shall be null and void and neither party shall have any liability hereunder.

(b) The Developer acknowledges that the Authority makes no representations or warranties as to the condition of the soils on the Development Property or its fitness for construction of the Minimum Improvements or any other purpose for which the Developer may make use of such property. The Developer further understands and acknowledges that the Authority is conveying the Development Property to the Developer "as is" and the Authority will not contribute any funds to pay for the costs of environmental remediation or any necessary soil conditions work required by the construction of the Minimum Improvements.

Section 3.8. Maintenance of Phase II Property. Upon conveyance of the Phase I Property to the Developer, the Developer shall be responsible for the maintenance of the Phase II Property, including mowing and weed control and shall invoice the reasonable costs thereof to the Authority, which shall be paid within 30 days of receipt of such invoice. The Developer may but is not required to install temporary landscaping on the Phase II Property. If the Developer finds it necessary to use the Phase II Property during the construction of the Phase I Minimum Improvements, the Authority will provide a right of entry to the Phase II Property for such purpose, at no additional charge or cost to the Developer. Pursuant to the right of entry agreement, if the Phase II Property is used by the Developer during the construction of the Phase I Minimum Improvements, any disturbance to the Phase II Property shall be restored by the Developer to the condition that existed prior to the Developer's use thereof, which the parties agree was bare, level dirt lot.

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ARTICLE IV

Minimum Improvement Components; Financing

Section 4.1. Minimum Improvements Generally. The Developer agrees to construct the Minimum Improvements pursuant to the requirements of this Agreement.

Section 4.2. Restaurant. The restaurant to be constructed as part of the Phase I Minimum Improvements shall be a full service, sit down restaurant operated by an entity with reasonable experience with such operations. The Developer may lease or sell the property upon which the restaurant or coffee shop is located to the restaurant or coffee shop operator.

Section 4.3. Parking Areas. In conjunction with the construction of the Phase I Minimum Improvements, the Developer shall construct 90 surface parking spaces to be used by all patrons of the commercial development to occur on the Development Property, including the hotel, coffee shop, restaurant, and pharmacy or grocery or any other future uses of the Development Property, as more fully described in the Parking Management Plan.

Section 4.4. Financing, Construction and Ownership of Parking Ramp.

(a) In order to make the construction of both Phases of the Minimum Improvements financially feasible for the Developer and to promote density with respect to the commercial development occurring on the Development Property, the City and the Authority have agreed to finance the costs of the Parking Ramp in the maximum amount of up to $5,620,000 with moneys from the South Loop Development Fund.

(b) The Authority will remain the owner of the Parking Ramp Property. Pursuant to the Parking Lease and Management Agreement, prior to construction of the Parking Ramp, the Authority will provide the Developer with a leasehold interest in the Parking Ramp Property and all improvements made to the Parking Ramp Property, including the Parking Ramp. The Authority and the Developer will work cooperatively to develop the plans and specifications for the Parking Ramp, which shall be consistent with the specifications contained on Exhibit F attached hereto (the "Parking Ramp Specifications"). The Authority shall pay for the preparation of the Parking Ramp Specifications by applicable designers, architects and/or engineers. The Authority will cause the Parking Ramp to be constructed: (i) in accordance with the Parking Ramp Specifications, (ii) in coordination with the Developer's construction of the portion of the Phase I Minimum Improvements it is responsible to construct, such that the Parking Ramp construction shall be completed prior to or in conjunction with the completion of the other Phase I Minimum Improvements, and (iii) by hiring the Developer's contractor or its own contractor to construct the Parking Ramp. The Authority intends to use the Developer's contractor to build the Parking Ramp because it believes this will create better coordination in building the Parking Ramp and the other Phase I Minimum Improvements at the same time and should create economic efficiencies. However, if the Authority finds that the Developer's contractor's bid for the construction of the Parking Ramp is too high, it will hire its own contractor.

(c) Upon completion of construction, the Authority will retain ownership of the Parking Ramp Property and the Parking Ramp and the Developer will be provided a leasehold interest in the Parking Ramp Property and the Parking Ramp pursuant to the Parking Lease and Management Agreement. The Developer will operate, insure, manage, and maintain the Parking Ramp pursuant to the terms of the Parking Lease and Management Agreement and the Parking Management Plan. In conjunction with the execution and delivery of the Parking Lease and Management Agreement, the

Developer will provide the Authority with the Access Easement to allow all users of the Development Property to access and use the Parking Ramp.

(d) On the date which is 25 years after the date of the Certificate of Completion for the Phase I Minimum Improvements, the Parking Lease and Management Agreement will terminate and the Authority shall convey to the Developer, and the Developer shall take ownership of, the Parking Ramp Property and the Parking Ramp, all pursuant and subject to the terms and conditions contained in the Parking Lease and Management Agreement.

Section 4.5. Public Improvements. It is expected that the City will add approximately nine parking stalls on 26th Street adjacent to the Development Property, which may be used by invitees and guests of the Development Property on a nonexclusive basis.

Section 4.6. Public Plaza.

(a) The Developer shall provide the City with a Public Plaza Easement in a form mutually agreed upon by the City and the Developer for the Public Plaza in the northwest corner of the Development Property (as depicted in the Site Plan set forth in EXHIBIT E attached hereto) which is expected to be approximately 3,350 square feet. The final square footage of the Public Plaza Easement will be determined by mutual agreement of the City and the Developer on or before the Phase I Closing. In exchange for the Public Plaza Easement, the City agrees to pay the Developer $10 a square foot, which will be an offset for the costs of the Phase I Property.

(b) The costs associated with the design, construction, and maintenance of the Public Plaza shall be borne by the City and the Developer as follows:

	Design and Construction		Maintenance/Electricity/Water/ Snow Removal	
	Who does it	Who pays for it	Who does it	Who pays for it
Art Pedestal	Developer Arch	City	Developer	Developer
Art Installation/Artwork	Developer	Developer	Developer	Developer
Benches/Seating Walls/ Walls/Ballards	Developer Arch	City	Developer	Developer
Lighting	Developer Arch	City	Developer	Developer
Plants, if any, with irrigation	Developer Arch	City	Developer	Developer
Hardscape (pavers)	Developer Arch	City	Developer	Developer

Section 4.7. Phase II Minimum Improvements. The Phase II Minimum Improvements will consist of the construction of an approximately 14,500 square foot building with a grocery or pharmacy. The Developer shall have exclusive rights to develop the Phase II Property with a grocery or pharmacy for three years commencing as of the date of this Agreement. If the Developer is able to find a grocery or pharmacy owner or tenant for the Phase II Property within the three year period, the Authority will convey the Phase II Property to the Developer pursuant to Section 3.4. The Developer may record a document detailing its exclusive rights to develop the Phase II Property if the Authority and the Developer mutually agree on the content of such document.

If the Developer is not able to find a grocery or pharmacy owner or tenant for the Phase II Property within such three year period, then the Authority will market the Phase II Property to the public for these uses (grocery or pharmacy) for an additional two years. The Developer may, at any time during the three year exclusivity period, notify the Authority in writing that Developer has exhausted its efforts

to secure a grocery or pharmacy user for the Phase II Property, in which case the Authority's two year marketing period shall commence.

After the three year period the Developer is provided to develop the Phase II Property expires, the purchase price of the Phase II Property shall increase based on the provisions of Section 3.2.

If the Authority is unsuccessful in finding a grocery or pharmacy to locate on the Phase II Property within such two year marketing period, then for the time period commencing on the expiration of the Authority's two year marketing period and ending 120 days thereafter, the Developer may close on the purchase of the Phase II Property consistent with Article III hereof, except that the use of the Phase II Property shall not be limited to grocery or pharmacy uses, and instead may be used and developed for any use that is permitted use in the LX Lindau Mixed Use Zoning District and Airport Runway (AR-17) Overlay District. The Authority may, at any time during the two year marketing period, notify the Developer in writing that the Authority has exhausted its efforts to secure a grocery or pharmacy user for the Phase II Property, in which case the Authority's two year marketing period shall terminate, in which case the Developer's one hundred 20 day option period to close on the purchase of the Phase II Property shall commence. If Developer fails to close on the purchase of such Phase II Property within 120 days of the expiration of the Authority's two year marketing period, then the Authority shall retain the Phase II Property.

Section 4.8. Prevailing Wages. When hiring contractors to construct both Phases of the Minimum Improvements, the Developer will comply with the provisions of prevailing wage requirements set forth in Minnesota Statutes, Sections 177.41 to 177.44, as then in effect.

Section 4.9. Recapture Agreement. In consideration of the assistance provided by the City and the Authority under this Agreement, the Developer agrees to execute and deliver to the Authority the Recapture Agreement. The Recapture Agreement will contain the following requirements: (i) the Developer shall reimburse the Authority for up to 50% of the public investment in the Minimum Improvements if above-market rates of return are realized by the Developer (i.e., the Developer's receipt of net operating income of more than 25% of the net operating income expectations shown in the pro forma provided to the Authority and the City when considering granting the assistance provided under this Agreement); and (ii) the Developer's obligations under the Recapture Agreement shall be triggered five years following stabilization of the Phase I Minimum Improvements and/or the Phase II Minimum Improvements or upon sale of all or any component of the Minimum Improvements.

Section 4.10. Exemption from Business Subsidy Act Requirements. (a) Upon the Phase I Closing for the Phase I Property and the Phase II Property, the Developer shall provide the Authority with a Business Subsidy Act Certificate detailing why the Developer's investment in the purchase of the Phase I Property or the Phase II Property qualifies the Developer for an exception from the Business Subsidy Act.

(b) Notwithstanding anything to the contrary in Section 9.3, the Developer releases the Authority, the City and their governing body members, officers, agents, and employees, and covenants and agrees to indemnify and hold harmless the Authority, the City and their governing body members, officers, agents, and employees thereof against any claim arising from application of the Business Subsidy Act to this Agreement, including without limitation any claim from any person or entity that the Authority or the City failed to comply with the Business Subsidy Act with respect to this Agreement.

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ARTICLE V

Construction of Minimum Improvements

Section 5.1. Construction of Minimum Improvements. Subject to all other terms and conditions of this Agreement, Developer agrees that it will construct, or cause to be constructed, both Phases of the Minimum Improvements on the Development Property in accordance with the approved Construction Plans and at all times prior to the Termination Date applicable to the Phase I Minimum Improvements and the Phase II Minimum Improvements will maintain, preserve and keep the Minimum Improvements or cause the Minimum Improvements to be maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair and condition. If Developer acquires the Development Property in accordance with this Agreement, the Developer shall:

(a) construct and maintain the Minimum Improvements, or cause the same to be constructed and maintained, in accordance with the terms of this Agreement, and all local, State and federal laws and regulations (including, but not limited to, environmental, zoning, building code and public health laws and regulations).

(b) timely apply for and diligently pursue all required permits, licenses and approvals, and will meet, in a timely manner, all requirements of all applicable local, state and federal laws and regulations which must be obtained or met before the Minimum Improvements may be lawfully constructed.

Section 5.2. Construction Plans.

(a) Before commencement of construction of each Phase of the Minimum Improvements, Developer shall submit to the Authority the Construction Plans for each Phase. The Authority will approve such Construction Plans in writing if: (i) such Construction Plans conform to the terms and conditions of this Agreement; (ii) such Construction Plans conform to all applicable federal, State and local laws, ordinances, rules and regulations; (iii) such Construction Plans are adequate to provide for construction of the applicable Phase of the Minimum Improvements; (iv) the cost of constructing the Minimum Improvements pursuant to the Construction Plans does not exceed the funds available to Developer for construction of the applicable Phase of the Minimum Improvements, as documented by Developer's lending commitment letter which specifically sets out the debt to equity ratio required by Developer's Lender and an equity deposit in a bank account held by the Lender; and (v) no Event of Default has occurred. No approval by the Authority shall relieve Developer of the obligation to comply with the terms of this Agreement, applicable federal, State and local laws, ordinances, rules and regulations, or to construct the Minimum Improvements in accordance therewith. No approval by the Authority shall constitute a waiver of an Event of Default. If approval of the Construction Plans is requested by Developer in writing at the time of submission, such Construction Plans shall be deemed approved unless rejected in writing by the Authority, in whole or in part. Such rejections shall set forth in detail the reasons therefor, and shall be made within 30 days after the date of their receipt by the Authority. If the Authority rejects any Construction Plans in whole or in part, Developer shall submit new or corrected Construction Plans within 30 days after written notification to Developer of the rejection. The provisions of this Section relating to approval, rejection and resubmission of corrected Construction Plans shall continue to apply until the Construction Plans have been approved by the Authority. The Authority's approval shall not be unreasonably withheld, conditioned or delayed, and if the Construction Plans comply with all of the provisions of the Agreement and have been approved by Developer's hotel franchisor, the Authority may withhold its consent to the Construction Plans only for concerns having a material negative impact on the Development Property. Said approval shall constitute

a conclusive determination that the Construction Plans (and each Phase of the Minimum Improvements, constructed in accordance with said plans) comply to the Authority's satisfaction with the provisions of this Agreement relating thereto. If the Authority fails to approve the Construction Plans for the Phase I Minimum Improvements for any reason within 60 days of original submission by Developer, Developer may terminate this Agreement.

The Developer hereby waives any and all claims and causes of action whatsoever resulting from the review of the Construction Plans by the Authority and/or any changes in the Construction Plans requested by the Authority. Neither the Authority, the City nor any employee or official of the Authority or the City shall be responsible in any manner whatsoever for any defect in the Construction Plans or in any work done pursuant to the Construction Plans, including changes requested by the Authority.

(b) When constructing the hotel as part of the Phase I Minimum Improvements, the Developer covenants with the Authority and the City to: (i) utilize the preferred materials for the exterior of the Minimum Improvements described in EXHIBIT D; and (ii) use sound mitigation for the Minimum Improvements that will meet the requirements for sound mitigation set forth in EXHIBIT D.

(c) If Developer desires to make any material change in the Construction Plans after their approval by the Authority, Developer shall submit the proposed change to the Authority for its approval. If the Construction Plans, as modified by the proposed change, conform to the requirements of this Section with respect to such previously approved Construction Plans, the Authority shall approve the proposed change and notify Developer in writing of its approval. Such change in the Construction Plans shall, in any event, be deemed approved by the Authority unless rejected, in whole or in part, by written notice by the Authority to Developer, setting forth in detail the reasons therefor. Such rejection shall be made within ten days after receipt of the notice of such change. The Authority's approval of any such change in the Construction Plans will not be unreasonably withheld, conditioned or delayed.

(d) The approval of Construction Plans by the Authority under this Section is for the purposes of this Agreement only. The Developer must also comply with all requirements of the City's planning department and building inspection department and obtain all approvals necessitated by the City's planning and zoning requirements, which approvals are subject to timing requirements that are separate and distinct from those set forth above.

Section 5.3. Commencement and Completion of Construction of Phase I Minimum Improvements. Subject to Unavoidable Delays, the Developer shall commence construction of the Phase I Minimum Improvements on or prior to May 31, 2016. Subject to Unavoidable Delays, the Developer shall substantially complete construction of the Phase I Minimum Improvements within two years of commencement of construction. All work with respect to the Phase I Minimum Improvements to be constructed on the Phase I Property shall substantially conform to the Construction Plans as submitted by Developer and approved by the Authority.

Developer agrees for itself, its successors and assigns, and every successor in interest to the Development Property, or any part thereof, that Developer, and such successors and assigns, shall promptly begin and diligently prosecute to completion the redevelopment of the Development Property through the construction of the Phase I Minimum Improvements thereon, and that such construction shall in any event be commenced within the period specified in this Section. Subsequent to conveyance of the Development Property, or any part thereof, to Developer, and until construction of the Phase I Minimum Improvements has been completed, Developer shall make reports, in such detail and at such times as may reasonably be requested by the Authority, as to the actual progress of Developer with respect to such construction.

Section 5.4. Commencement and Completion of Construction of Phase II Minimum Improvements. Subject to Unavoidable Delays, the Developer shall commence construction of the Phase II Minimum Improvements on or prior to May 31, 2019. Subject to Unavoidable Delays, the Developer shall substantially complete construction of the Phase II Minimum Improvements within 18 months of commencement of construction. All work with respect to the Phase I Minimum Improvements to be constructed on the Phase II Property shall substantially conform to the Construction Plans as submitted by Developer and approved by the Authority.

Developer agrees for itself, its successors and assigns, and every successor in interest to the Development Property, or any part thereof, that Developer, and such successors and assigns, shall promptly begin and diligently prosecute to completion the redevelopment of the Development Property through the construction of the Phase II Minimum Improvements thereon, and that such construction shall in any event be commenced within the period specified in this Section. Subsequent to conveyance of the Development Property, or any part thereof, to Developer, and until construction of the Phase II Minimum Improvements has been completed, Developer shall make reports, in such detail and at such times as may reasonably be requested by the Authority (but not more frequently than once per calendar month), as to the actual progress of Developer with respect to such construction.

Section 5.5. Certificates of Completion.

(a) Promptly after substantial completion of each Phase of the Minimum Improvements in accordance with those provisions of this Agreement relating solely to the obligations of Developer to construct each Phase of the Minimum Improvements (including the dates for commencement and completion thereof), the Authority will furnish Developer with an appropriate instrument so certifying. Such certification by the Authority shall be (and it shall be so provided in the deed and in the certification itself) a conclusive determination of satisfaction and termination of the agreements and covenants in this Agreement and in the Deed. Such certification and such determination shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any Holder of a Mortgage, or any insurer of a Mortgage, securing money loaned to finance the Minimum Improvements, or any part thereof. Substantial completion of each Phase of the Minimum Improvements shall be deemed to have been attained when Developer receives a certificate of occupancy issued by the City for the applicable Phase of the Minimum Improvements.

(b) The Certificate of Completion provided for in this Section shall be in such form as will enable it to be recorded in the proper office for the recordation of deeds and other instruments pertaining to the Development Property. If the Authority shall refuse or fail to provide any certification in accordance with the provisions of this Section, the Authority shall, within five days after written request by Developer, provide Developer with a written statement (the "Defect Statement"), indicating in adequate detail in what respects Developer has failed to complete the Minimum Improvements in accordance with the provisions of the Agreement, or is otherwise in default, and what measures or acts it will be necessary, in the opinion of the Authority, for Developer to take or perform in order to obtain such certification. If Developer and the Authority cannot agree on the measures, activities or work necessary to obtain the Certificate of Completion within five days of Developer's receipt of the Defect Statement, then either party may request in writing to have the dispute, and the items raised in the Defect Statement, resolved and decided by an inspecting architect mutually agreed upon by the Authority and the Developer (the "Inspecting Architect"). If the Authority and Developer cannot mutually agree on an Inspecting Architect within five days, the parties shall retain the inspecting architect hired by Developer's Lender for construction of the Minimum Improvements. The written request to the Inspecting Architect shall include a copy of this Agreement and the Defect Statement, and any supporting documents or materials desired by the requesting party. The Inspecting Architect shall resolve the dispute via written decision, as soon as possible, but not later than 15 days after receipt of the request for resolution. The decision of the

Inspecting Architect shall be final and binding on both the Authority and the Developer, and both parties agree to immediately perform resolution of the Defect Statement as decided by the Inspecting Architect. The costs and expenses of the Inspecting Architect shall be shared equally by the Authority and the Developer.

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ARTICLE VI

Insurance

Section 6.1. Insurance.

(a) The Developer or its general contractor will provide and maintain at all times during the process of constructing the Minimum Improvements an All Risk Broad Form Basis Insurance Policy and, from time to time during that period, at the request of the Authority, furnish the Authority with proof of payment of premiums on policies covering the following:

(i) Builder's risk insurance, written on the so-called "Builder's Risk – Completed Value Basis," in an amount equal to one hundred percent (100%) of the insurable value of the Minimum Improvements at the date of completion, and with coverage available in nonreporting form on the so-called "all risk" form of policy. With respect to the Parking Ramp, the interest of the Authority shall be protected in accordance with an insurance industry standard clause that is customarily used to protect the Authority's interest in the Parking Ramp.

(ii) Commercial general liability insurance (including operations, contingent liability, operations of subcontractors, completed operations and contractual liability insurance) together with a Protective Liability Policy with limits against bodily injury and property damage of not less than $5,000,000 for each occurrence (to accomplish the above-required limits, an umbrella excess liability policy may be used). With respect to the Parking Ramp and Parking Ramp Property, the Authority and the City shall be listed as additional insureds on the policy.

(iii) Workers' compensation insurance, with statutory coverage.

(b) Upon completion of construction of the Phase I Minimum Improvements and prior to the Termination Date, the Developer shall maintain, or cause to be maintained, at its cost and expense, and from time to time at the request of the Authority shall furnish proof of the payment of premiums on, insurance on the completed components of the Minimum Improvements, as follows:

(i) Insurance against loss and/or damage to the Minimum Improvements, including the Parking Ramp, under a policy or policies providing so called all-risk insurance covering such risks as are ordinarily insured against by similar businesses on a 100% replacement-cost basis, including business interruption or rental income protection on an actual-loss sustained basis, but in no event shall the insurance coverage be less than the amount which would provide the Authority with an amount equal to the insurable value of the Parking Ramp. With respect to the Parking Ramp, the Developer shall, until the earlier of the Termination Date or the date that ownership of the Parking Ramp is conveyed to the Developer as contemplated by Section 4.4(d) above, cause the Authority to be listed as primary insured with respect to insurance on the Parking Ramp.

(ii) Comprehensive general public liability insurance, including personal injury liability (with employee exclusion deleted), against liability for injuries to persons and/or property, in the minimum amount for each occurrence and for each year of $5,000,000, and shall be endorsed to show the Authority and the City as additional insureds.

(iii) Such other insurance in such amount as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure.

(iv) Workers' compensation insurance as required by State law.

(c) All insurance required in this Article shall be taken out and maintained in responsible insurance companies selected by the Developer which are authorized under the laws of the State to assume the risks covered thereby. Upon request, the Developer will deposit annually with the Authority policies evidencing all such insurance, or a certificate or certificates or binders of the respective insurers stating that such insurance is in force and effect and showing the Authority and the City as additional insureds. Unless otherwise provided in this Article of this Agreement each policy shall contain a provision that the insurer shall not cancel nor modify it in such a way as to reduce the coverage provided below the amounts required herein without giving written notice to the Developer and the Authority at least 30 days before the cancellation or modification becomes effective. In lieu of separate policies, the Developer may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein, in which event the Developer shall deposit with the Authority a certificate or certificates of the respective insurers as to the amount of coverage in force upon the Minimum Improvements.

(d) The Developer agrees to notify the Authority within 15 business days of any damage exceeding $50,000 in amount to, or destruction of, the Minimum Improvements or any portion thereof resulting from fire or other casualty. In such event the Developer will forthwith repair, reconstruct and restore the Minimum Improvements to substantially the same or an improved condition or value as it existed prior to the event causing such damage and, to the extent necessary to accomplish such repair, reconstruction and restoration, the Developer will apply the net proceeds of any insurance relating to such damage received by the Developer to the payment or reimbursement of the costs thereof.

The Developer shall complete the repair, reconstruction and restoration of the Minimum Improvements, whether or not the net proceeds of insurance received by the Developer for such purposes are sufficient to pay for the same. Any net proceeds remaining after completion of such repairs, construction and restoration shall be the property of the Developer.

(e) Pursuant to this Agreement and the Parking Lease and Management Agreement, the Authority will be the primary insured on the insurance policies related to the Parking Ramp. At any time the Parking Ramp is damaged or destroyed, the Authority shall require the Developer to coordinate and manage the repair or reconstruction of the Parking Ramp and the Authority shall pay the costs of repair or reconstruction from the proceeds of the insurance policies, all pursuant to the terms and conditions contained in the Parking Lease and Management Agreement.

(f) If any Phase or any component of a Phase of the Minimum Improvements is substantially destroyed and within 18 months the Developer has not commenced construction to replace such Phase or component of a Phase or to construct other improvements with substantially the same assessed value, the Developer shall use the insurance proceeds to redeem and prepay the full amount of outstanding indebtedness owed to one or more Lenders and secured by such Phase or component of such Phase substantially destroyed. Following the redemption and prepayment of such indebtedness, the Authority and/or the City shall have the opportunity to purchase the property substantially destroyed (either the Phase I Property and any remaining Phase I Minimum Improvements or the Phase II Property and any remaining Phase II Minimum Improvements, as applicable), for a fair market value mutually agreed upon by the Authority or the City and the Developer. If a fair market value for such property cannot be determined by mutual agreement, the fair market value will be determined by Market Value Determination.

(g) The Developer and the Authority agree that all of the insurance provisions set forth in this Article shall terminate as of the Termination Date.

Section 6.2. Subordination. Notwithstanding anything to the contrary contained in this Article, the rights of the Authority with respect to the receipt and application of any proceeds of insurance shall, in all respects, be subject and subordinate to the rights of any Lender under a Mortgage approved pursuant to Article VIII hereof.

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ARTICLE VII

Review of Taxes

Section 7.1. Review of Taxes. Developer agrees that, prior to the Termination Date, it will not apply for a deferral of property tax on the Development Property pursuant to any law, or transfer or permit transfer of the Development Property to any entity whose ownership or operation of the property would result in the Development Property being exempt from real estate taxes under State law (other than any portion thereof dedicated or conveyed to the City or Authority in accordance with this Agreement).

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ARTICLE VIII

Financing

Section 8.1. Financing.

(a) Before conveyance of the Phase I Property or the Phase II Property, the Developer shall submit to the Authority evidence of one or more commitments for mortgage financing which, together with committed equity for such construction, is sufficient for the construction of the Phase I Minimum Improvements or the Phase II Minimum Improvements, as applicable, and specifically sets out the debt to equity ratio required by the Developer's Lender or Lenders. Such commitments may be submitted as short term financing, long term mortgage financing, a bridge loan with a long-term take-out financing commitment, or any combination of the foregoing. Such commitment or commitments for short term or long term mortgage financing shall be subject only to such conditions as are normal and customary in the mortgage banking industry.

(b) If the Authority finds that the mortgage financing is sufficiently committed and adequate in amount to provide for the construction of the Phase I Minimum Improvements or the Phase II Minimum Improvements, as applicable, then the Authority shall notify the Developer in writing of its approval. Such approval shall not be unreasonably withheld, conditioned or delayed and either approval or rejection shall be given within 30 days from the date when the Authority is provided the evidence of financing. A failure by the Authority to respond to such evidence of financing shall be deemed to constitute an approval hereunder. If the Authority rejects the evidence of financing as inadequate, it shall do so in writing specifying the basis for the rejection. In any event the Developer shall submit adequate evidence of financing within 30 days after such rejection. Approval of any subordination agreement under Section 8.3 hereof will constitute approval of financing for the purposes of this Section.

Section 8.2. Authority's Option to Cure Default on Mortgage. During the term of this Agreement, in the event that there occurs a default under any Mortgage, the Developer shall cause the Authority to receive copies of any notice of default received by the Developer from the holder of such Mortgage. The Developer will use its reasonable efforts to include in any Mortgage a provision that, during the term of this Agreement, the Authority shall have the right, but not the obligation, to cure any such default on behalf of the Developer within such cure periods as are available to the Developer under the Mortgage documents. In the event there is an event of default under this Agreement, the Authority will transmit to the Holder of any Mortgage a copy of any notice of default given by the Authority pursuant to Article X of this Agreement.

Section 8.3. Subordination and Modification for the Benefit of Mortgagee. In order to facilitate the Developer obtaining financing for purchase of any portion of the Development Property and for construction according to the Construction Plans, the Authority agrees to subordinate its rights under this Agreement, including without limitation its rights of reversion under Sections 10.3 and 10.4 hereof, provided that such subordination shall be subject to such reasonable terms and conditions as the Authority and Holder mutually agree to in writing.

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ARTICLE IX

Prohibitions Against Assignment and Transfer; Indemnification

Section 9.1. Representation as to Redevelopment. Developer represents and agrees that its purchase of the Development Property or portions thereof, and its other undertakings pursuant to the Agreement, are, and will be used, for the purpose of redevelopment of the Development Property and not for speculation in land holding.

Section 9.2. Prohibition Against Transfer of Property and Assignment of Agreement. Developer represents and agrees that until issuance of the Certificate of Completion for each Phase of the Minimum Improvements:

(a) Developer has not made or created and will not make or create or suffer to be made or created any total or partial sale, assignment, conveyance, or lease, or any trust or power, or transfer in any other mode or form of or with respect to this Agreement or the Development Property or any part thereof or any interest therein, or any contract or agreement to do any of the same, to any person or entity (collectively, a "Transfer"), without the prior written approval of the Authority and the City unless Developer remains liable and bound by this Agreement, in which event, notwithstanding anything in this Agreement to the contrary, the Authority and the City's approval is not required. The term "Transfer" does not include (i) encumbrances made or granted by way of security for, and only for, the purpose of obtaining construction, interim or permanent financing necessary to enable Developer or any successor in interest to the Development Property, or any part thereof, to construct any portion of the Minimum Improvements, or (ii) any lease, license, easement or similar arrangement entered into in the ordinary course of business related to operation of any portion of the Minimum Improvements. Notwithstanding the foregoing provisions of this Section 9.2(a), prior approval by the Authority and the City is not required for any Transfer: (1) to an Affiliate or the transfer of a member's interest in Developer to an Affiliate of the member so long as the proposed transferee expressly assumes the obligations of Developer or the original member; or (2) that is involuntary resulting from the death or disability or parties in control of the members of Developer.

(b) If Developer seeks to effect a Transfer which requires the approval of the Authority and the City prior to issuance of the Certificate of Completion for any Phase of the Minimum Improvements, the Authority and the City shall be entitled to require as conditions to such Transfer of the related property that:

(i) Any proposed transferee shall have the qualifications and financial responsibility, in the reasonable judgment of the Authority and the City, necessary and adequate to fulfill the obligations undertaken in this Agreement by Developer as to the portion of the Development Property to be transferred.

(ii) Any proposed transferee, by instrument in writing satisfactory to the Authority and the City and in form recordable among the land records, shall, for itself and its successors and assigns, and expressly for the benefit of the Authority and the City, have expressly assumed all of the obligations of Developer under this Agreement as to the portion of the Development Property to be transferred and agreed to be subject to all the conditions and restrictions to which Developer is subject as to such portion; provided, however, that the fact that any transferee of, or any other successor in interest whatsoever to, the Development Property, or any part thereof, shall not, for whatever reason, have assumed such obligations or so agreed, and shall not (unless and only to the extent otherwise specifically provided in this Agreement or agreed to in writing by the

Authority and the City) deprive the Authority and the City of any rights or remedies or controls with respect to the Development Property or any part thereof or the construction of the Minimum Improvements; it being the intent of the parties as expressed in this Agreement that (to the fullest extent permitted at law and in equity and excepting only in the manner and to the extent specifically provided otherwise in this Agreement) no transfer of, or change with respect to, ownership in the Development Property or any part thereof, or any interest therein, however consummated or occurring, and whether voluntary or involuntary, shall operate, legally or practically, to deprive or limit the Authority and the City of or with respect to any rights or remedies on controls provided in or resulting from this Agreement with respect to the Minimum Improvements that the Authority and the City would have had, had there been no such transfer or change. In the absence of specific written agreement by the Authority and the City to the contrary, no such transfer or approval by the Authority and the City thereof shall be deemed to relieve Developer or any other party bound in any way by this Agreement or otherwise with respect to the construction of the Minimum Improvements, from any of its obligations with respect thereto.

(iii) Any and all instruments and other legal documents involved in effecting the transfer of any interest in this Agreement or the Development Property governed by this Article, shall be in a form reasonably satisfactory to the Authority and the City.

(c) If the conditions described in paragraph (b) are satisfied with regard to any Transfer requiring the approval of the Authority and the City then the Transfer will be approved and Developer shall be released from its obligations under this Agreement, as to the portion of the Development Property that is transferred, assigned, or otherwise conveyed. The provisions of this paragraph (c) apply to all subsequent transferors, assuming compliance with the terms of this Article.

(d) After issuance of the Certificate of Completion for each Phase of the Minimum Improvements, the Developer may transfer or assign the Phase I Property or the Phase II Property, as applicable or the Developer's interest in this Agreement as to the respective Phase if it obtains the prior written consent of the City and the Authority (which consent will not be unreasonably withheld, delayed or conditioned) and the transferee or assignee is bound by all the Developer's obligations hereunder and the other agreements related to the Minimum Improvements, which are specified in Section 3.3(a)(8). The Developer shall submit to the City and the Authority written evidence of any such transfer or assignment, including the transferee or assignee's express assumption of the Developer's obligations under this Agreement.

Section 9.3. Release and Indemnification Covenants. Except to the extent of (i) the negligence or misconduct of the Indemnified Parties or (ii) damage or liability caused by a breach of this Agreement by the Authority or the City, the Developer releases the Authority, the City, and their respective governing body members, board members, officers, agents, and employees thereof (the "Indemnified Parties") and agrees to indemnify and hold harmless the Indemnified Parties against any losses, costs, expenses, third party claims, demands, suits, actions, or other proceedings of any kind or nature, including reasonable attorneys' fees and expenses, suffered or incurred by the Indemnified Parties or made by any third party, to the extent arising from the following:

(a) Any wrongful or negligent act done by the Developer, or any of its agents, contractors, or employees, or done at their direction in, on, or about the Development Property or the Minimum Improvements;

(b) Injury to, or the death of persons or damage to property on the Development Property or Minimum Improvements, or in any manner connected with the use, non-use, condition, possession,

operation, maintenance, management, or occupation of the Development Property or the Minimum Improvements or resulting from any defect in the Development Property or the Minimum Improvements or the condition thereof, all to the extent caused by the Developer, its agents, employees, and contractors;

(c) Violation by the Developer, its agents, employees, or contractors of any conditions, agreements, restrictions, statutes, charters, laws, rules, ordinances, or regulations affecting the Development Property or the Minimum Improvements or the ownership, occupancy or use thereof.

(d) Any mechanic's lien placed on, asserted against or otherwise affecting any right, title or interest of the Authority or the City in the Development Property, including without limitation, the Authority's or the City's reversionary rights and the Authority's rights to recapture payments under the Recapture Agreement, but only to the extent that such mechanic's lien directly arises from construction work or materials ordered by the Developer, its agents, or employees. This Section 9.3(d) excludes any mechanic's liens arising from construction work or materials ordered by the Indemnified Parties, and excludes mechanic's liens related to the Authority's construction of the Parking Ramp.

(The remainder of this page is intentionally left blank.)

ARTICLE X

Events of Default

Section 10.1. Events of Default Defined. The following shall be "Events of Default" under this Agreement and the term "Event of Default" shall mean, whenever it is used in this Agreement, any one or more of the following events, after the non-defaulting party provides 30 days' written notice to the defaulting party of the event, but only if the event has not been cured within said 30 days or, if the event is by its nature incurable within 30 days, the defaulting party does not, within such 30-day period, commence cure of such defaults and proceed diligently to complete the cure:

(a) Failure by the Developer, the City or the Authority to observe or perform any material covenant, condition, obligation, or agreement on its part to be observed or performed under this Agreement;

(b) The Developer:

(i) files any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act or under any similar federal or State law;

(ii) makes an assignment for benefit of its creditors;

(iii) admits in writing its inability to pay its debts generally as they become due; or

(iv) is adjudicated as bankrupt or insolvent.

Section 10.2. Remedies on Default. Whenever any Event of Default referred to in Section 10.1 of this Agreement occurs, the non-defaulting party may exercise its rights under this Section after providing 30 days' written notice to the defaulting party of the Event of Default, but only if the Event of Default has not been cured within said 30 days or, if the Event of Default is by its nature incurable within 30 days, the defaulting party does not provide assurances reasonably satisfactory to the non-defaulting party that the Event of Default will be cured and will be cured as soon as reasonably possible:

(a) Suspend its performance under the Agreement until it receives commercially reasonable assurances that the defaulting party will cure its default and continue its performance under the Agreement.

(b) Cancel and rescind or terminate the Agreement.

(c) Take whatever action, including legal, equitable or administrative action, which may appear necessary or desirable to collect any payments due under this Agreement, or to enforce performance and observance of any obligation, agreement, or covenant under this Agreement.

Section 10.3. Revesting Title in Authority Upon Happening of Event Subsequent to Conveyance to Developer. In the event that subsequent to conveyance of the Phase I Property or the Phase II Property to Developer and prior to completion of construction of either Phase of the Minimum Improvements to be located on such property (evidenced by the Certificates of Completion described in Sections 5.3 or 5.4):

(a) Developer, subject to Unavoidable Delays, shall fail to begin construction of the Phase I Minimum Improvements in conformity with this Agreement and such failure to begin construction is not cured within 90 days after written notice from the Authority to Developer to do so, or

(b) After the Authority conveys the Phase II Property to Developer for purposes of constructing the Phase II Minimum Improvements, the Developer, subject to Unavoidable Delays, shall fail to begin construction of the Phase II Minimum Improvements in conformity with this Agreement and such failure to begin construction is not cured within 90 days after written notice from the Authority to Developer to do so, or

(c) Developer fails to pay real estate taxes or assessments on the portions of the Development Property it owns when due, or creates, suffers, assumes, or agrees to any encumbrance or lien (other than construction financing liens arising from financing approved by the Authority pursuant to Section 8.1 and liens created in the normal course of constructing any Phase of the Minimum Improvements) on the Development Property (except to the extent permitted by this Agreement), or shall suffer any levy or attachment to be made, or any materialmen's or mechanics' lien, or any other unauthorized encumbrance or lien to attach, and such taxes or assessments shall not have been paid, or the encumbrance or lien removed or discharged or provision satisfactory to the Authority made for such payment, removal, or discharge. The Developer shall have within 30 days after written demand by the Authority to cure the actions set forth in this Section 10.3(c); provided that if Developer first notifies the Authority of its intention to do so, it may in good faith contest any mechanics' or other lien filed or established and in such event the Authority shall permit such mechanics' or other lien to remain undischarged and unsatisfied during the period of such contest and any appeal and during the course of such contest Developer shall keep the Authority informed respecting the status of such defense, or

(d) There is, in violation of the Agreement, any Transfer of the Phase I Property or the Phase II Property in violation of the terms of Section, and such violation is not cured within 60 days after written demand by the Authority to Developer, or if the event is by its nature incurable within 30 days, Developer does not, within such 30-day period, provide assurances reasonably satisfactory to the Authority that the event will be cured as soon as reasonably possible, or

(e) Developer fails to comply with any of its other covenants under this Agreement related to the Minimum Improvements and fails to cure any such noncompliance or breach within 30 days after written demand from the Authority to Developer to do so, or if the event is by its nature incurable within 30 days, Developer does not, within such 30-day period, provide assurances reasonably satisfactory to the Authority that the event will be cured as soon as reasonably possible, or

(f) the Holder of any Mortgage secured by the subject property exercises any remedy provided by the Mortgage documents or exercises any remedy provided by law or equity in the event of a default in any of the terms or conditions of the Mortgage, in either case which would materially adversely affect the rights and obligations of the Authority hereunder and the Developer has not cured any such action within 15 days of receipt of notice from the Authority,

and any such failures are not cured by the Developer during the cure periods set forth above, then the Authority shall have the right to re-enter and take possession of the Phase I Property or the Phase II Property to which the default relates and to terminate (and revest in the Authority) the estate conveyed by the deed to Developer as such property, subject to all intervening matters, it being the intent of this provision, together with other provisions of the Agreement, that the conveyance of the Phase I Property and the Phase II Property to Developer shall be made upon, and that the Deeds shall contain a condition subsequent to the effect that in the event of any default on the part of Developer and failure on the part of Developer to remedy, end, or abrogate such default within the period and in the manner stated in such

subdivisions, the Authority at its option may declare a termination in favor of the Authority of the title, and of all the rights and interests in and to the Development Property conveyed to Developer, and that such title and all rights and interests of Developer, and any assigns or successors in interest to and in the Development Property, shall revert to the Authority, but only if the events stated this Section 10.3 have not been cured within the time periods provided above.

Section 10.4. Resale of Reacquired Property; Disposition of Proceeds. Upon the revesting in the Authority of title to and/or possession of the Development Property or any part thereof as provided in Section 10.3, the Authority shall, pursuant to its responsibilities under law, use its best efforts to sell the Development Property or part thereof as soon and in such manner as the Authority shall find feasible and consistent with the objectives of such law to a qualified and responsible party or parties (as determined by the Authority) who will assume the obligation of making or completing the Minimum Improvements as shall be satisfactory to the Authority. During any time while the Authority has title to and/or possession of any portion of the Development Property obtained by reverter, the Authority will not disturb the rights of any tenants under any leases encumbering such Development Property. Upon resale of the reverted portion of the Development Property, the proceeds thereof shall be applied:

(a) First, to reimburse the Authority for all costs and expenses incurred by them, including but not limited to salaries of personnel, in connection with the recapture, management, and resale of the Development Property (but less any income derived by the Authority from the property or part thereof in connection with such management); all taxes, assessments, and water and sewer charges with respect to the Development Property or part thereof (or, in the event the Development Property is exempt from taxation or assessment or such charge during the period of ownership thereof by the Authority, an amount, if paid, equal to such taxes, assessments, or charges (as determined by the Authority assessing official) as would have been payable if the Development Property were not so exempt); any payments made or necessary to be made to discharge any encumbrances or liens existing on the Development Property or part thereof at the time of revesting of title thereto in the Authority or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of Developer, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the subject improvements or any part thereof on the Development Property or part thereof; and any amounts otherwise owing the Authority by Developer and its successor or transferee; and

(b) Second, to reimburse Developer, its successor or transferee, up to the amount equal to (1) the purchase price paid by Developer under Section 3.3 or 3.4 with respect to the applicable portion of the Development Property revested; plus (2) the amount actually invested by it in making any of the subject improvements on the Development Property or part thereof.

Any balance remaining after such reimbursements shall be retained by the Authority as its property.

Section 10.5. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority, the City or Developer is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the City to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required in this Article.

Section 10.6. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

(The remainder of this page is intentionally left blank.)

ARTICLE XI

Additional Provisions

Section 11.1. Conflict of Interests; Authority and City Representatives Not Individually Liable. The Authority, the City and the Developer, to the best of their respective knowledge, represent and agree that no member, official, servant, or employee of the Authority or the City shall have any personal interest, direct or indirect, in the Agreement, nor shall any such member, official, or employee participate in any decision relating to the Agreement which affects his personal interests or the interests of any corporation, partnership, or association in which he is, directly or indirectly, interested. No member, official, or employee of the Authority or the City shall be personally liable to Developer, or any successor in interest, in the event of any default or breach by the Authority or the City or for any amount which may become due to Developer or successor or on any obligations under the terms of the Agreement.

Section 11.2. Equal Employment Opportunity. Developer, for itself and its successors and assigns, agrees that during the construction of the Minimum Improvements provided for in the Agreement it will comply with all applicable federal, State and local equal employment and non-discrimination laws and regulations.

Section 11.3. Restrictions on Use. The Developer agrees that until the Termination Date applicable to the Phase I Minimum Improvements or the Phase II Minimum Improvements, as applicable, the Developer, and such successors and assigns, shall devote the Development Property to the operation of the Minimum Improvements for uses described in the definition of such term in this Agreement, and shall not discriminate upon the basis of race, color, creed, sex or national origin in the sale, lease, or rental or in the use or occupancy of the Development Property or any improvements erected or to be erected thereon, or any part thereof.

Section 11.4. Provisions Not Merged With Deed. None of the provisions of this Agreement are intended to or shall be merged by reason of any deed transferring any interest in the Development Property and any such deed shall not be deemed to affect or impair the provisions and covenants of this Agreement.

Section 11.5. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 11.6. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under the Agreement by any party to the others shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally; and

(a) in the case of Developer, is addressed to or delivered personally to Developer at 340 Main Street, Suite 200, P.O. Box 3208, Park City, UT 84060, Attn: David Peters, President;

(b) in the case of the Authority, is addressed to or delivered personally to the Authority at Bloomington Civic Plaza, 1800 West Old Shakopee Road, Bloomington, MN 55431, Attn: Administrator; and

(c) in the case of the City, is addressed to or delivered personally to the City at Bloomington Civic Plaza, 1800 West Old Shakopee Road, Bloomington, MN 55431, Attn: City Manager,

or at such other address with respect to any such party as that party may, from time to time, designate in writing and forward to the others as provided in this Section.

Section 11.7. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 11.8. Recording. The Authority may record this Agreement and any amendments thereto with the Hennepin County recorder. The Developer shall pay all costs for recording.

Section 11.9. Amendment. This Agreement may be amended only by written agreement approved by the Authority, the City and Developer.

Section 11.10. Authority and City Approvals. Unless otherwise specified, any approval required by the Authority under this Agreement may be given by the Authority Representative. Unless otherwise specified, any approval required by the City under this Agreement may be given by the City Representative.

Section 11.11. Termination. This Agreement terminates on the Termination Date. On the Termination Date, all the rights and obligations of the parties to this Agreement automatically terminate without further action by any party.

Section 11.12. Choice of Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

Section 11.13. Tax Deferred Exchange. Notwithstanding any contrary provision hereof, if Developer desires to purchase the Development Property in connection with a tax-deferred exchange under Section 1031 of the Internal Revenue Code, Developer shall have the right to assign its rights under this Agreement to a "qualified exchange intermediary" ("1031 Agent") within the meaning of said Section 1031. In such case, City and Authority shall sign such documents, and otherwise reasonably cooperate, as my be reasonably necessary to complete the tax-deferred exchange, including delivering or receiving the Deed or all or a portion of the Purchase Price to or from a third party, provided that Developer shall pay any direct cost incurred by City and Authority as a result of such cooperation.

Section 11.14. Assignment. Developer may: (i) assign any or all of its rights and interest hereunder to one or more of its owners or affiliates, including a holding or subsidiary company, provided that Developer shall remain obligated for all of its obligations under this Agreement, whether or not performed by or through any such affiliate or subsidiary; or (ii) designate one or more of its affiliates to perform its obligations hereunder (in any or all of which cases Developer nonetheless shall remain responsible for the performance of all of its obligations hereunder).

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the Authority, the City, and the Developer have caused this Purchase and Redevelopment Contract to be duly executed in their name and behalf on or as of the date first above written.

PORT AUTHORITY OF THE CITY OF BLOOMINGTON

By _____
Its President

By _____
Its Administrator

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this 10th day of December 2014, by Bob Erickson, the President of the Port Authority of the City of Bloomington, a public body politic and corporate, on behalf of the Authority.

_____
Notary Public

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this 10th day of December 2014, by Schane Rudlang, the Administrator of the Port Authority of the City of Bloomington, a public body politic and corporate, on behalf of the Authority.

_____
Notary Public

Reviewed and approved by Port General Counsel.

_____
Port General Counsel

BARBARA A CLAWSON
NOTARY PUBLIC - MINNESOTA
My Comm. Expires Jan. 31, 2015

THE CITY OF BLOOMINGTON

By _____
Its Mayor

By _____
Its City Manager

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this 10th day of December 2014, by Gene Winstead, the Mayor of the City of Bloomington, a Minnesota municipal corporation, on behalf of the City.

_____
Notary Public

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this 10th day of December 2014, by Mark Bernhardson, the City Manager of the City of Bloomington, a Minnesota municipal corporation, on behalf of the City.

_____
Notary Public

Reviewed and approved by the City Attorney.

_____
City Attorney

BARBARA A CLAWSON
NOTARY PUBLIC - MINNESOTA
My Comm. Expires Jan. 31, 2015

Execution page of South Loop Investments, LLC to the Purchase and Redevelopment Contract, dated as of the date and year first written above.

SOUTH LOOP INVESTMENTS, LLC

By _____

Its Chief Manager

STATE OF Minnesota)
) SS.
COUNTY OF Dakota)

MARY A ZIMMERMAN
NOTARY PUBLIC - MINNESOTA
My Comm. Expires Jan. 31, 2015

The foregoing instrument was acknowledged before me this 11 day of December, 2014, by David W. Peters, the President of South Loop Investments, LLC, a Minnesota limited liability company, on behalf of the limited liability company.

Mary A Zimmerman
Notary Public

EXHIBIT A
DEVELOPMENT PROPERTY DESCRIPTION AND SITE MAP

Development Property

Lot 1, Block 2, Lindau Link Addition, according to the recorded plat thereof, Hennepin County, Minnesota

The Parties agree that the Development Property will be replatted into at least three (3) smaller parcels to facilitate Developer's development of the Development Property. The final legal description of the parcels will be determined after the replat. The replat of the Development Property shall be substantially consistent with the depiction attached as EXHIBIT E, and will be mutually agreed upon by the Authority and Developer.

EXHIBIT B
CERTIFICATE OF COMPLETION

The undersigned hereby certifies that South Loop Investments, LLC, a Minnesota limited liability company (the "Developer"), has fully complied with its obligations under that document titled "Purchase and Development Agreement," dated _____, 2014, between the Port Authority of the City of Bloomington, Minnesota, the City of Bloomington, Minnesota and the Developer, with respect to construction of the [Phase I] [Phase II] Minimum Improvements in accordance with the Construction Plans, and that the Developer and Development Property (as defined in the "Purchase Development Agreement" is released and forever discharged from all of the obligations set forth in the Purchase and Development Agreement with respect to construction of the [Phase I] [Phase II] Minimum Improvements. The recording of this Certificate of Completion shall and does hereby remove all restrictions set forth in the quit claim deed executed by the Authority which conveyed the property legally described as:

[insert legal of Phase I or Phase II Property]

Dated: _____, 20__.

PORT AUTHORITY OF THE CITY OF BLOOMINGTON, MINNESOTA

By: _____

Its: _____

EXHIBIT C
FORM OF QUIT CLAIM DEED

THIS INDENTURE, dated _____ _____, 20___ (the "Deed"), is from the Port Authority of the City of Bloomington, a public body corporate and politic of the State of Minnesota (the "Grantor"), to South Loop Investments, LLC, a Minnesota limited liability company (the "Grantee").

WITNESSETH, that Grantor, in consideration of the sum of $1,800,000 and other good and valuable consideration the receipt whereof is hereby acknowledged, does hereby grant, bargain, quitclaim and convey to the Grantee, its successors and assigns forever, all the tract or parcel of land lying and being in the County of Hennepin and State of Minnesota described as follows, to-wit (such tract or parcel of land is hereinafter referred to as the "Property"):

[INSERT LEGAL DESCRIPTION OF PHASE I PROPERTY OR PHASE II PROPERTY]

To have and to hold the same, together with all the hereditaments and appurtenances thereunto belonging.

SECTION 1.

This Deed is subject to the covenants, conditions, restrictions and provisions of the Purchase and Redevelopment Contract, dated _____, 2014 (the "Agreement"), between the Grantor, the Grantee, and the City of Bloomington, Minnesota (the "City"). The Grantee shall not convey the Property, or any part thereof, except as permitted by the Agreement until a certificate of completion releasing the Grantee from certain obligations of said Agreement as to the Property or such part thereof then to be conveyed, has been placed of record. This provision, however, shall in no way prevent the Grantee from mortgaging this Property in order to obtain funds for the purchase of the Property hereby conveyed or for erecting the [Phase I] [Phase II] Minimum Improvements thereon (as defined in the Agreement) in conformity with the Agreement and applicable provisions of the zoning ordinance of the City, or for the refinancing of the same.

It is specifically agreed that the Grantee shall promptly begin and diligently prosecute to completion the redevelopment of the Property through the construction of the [Phase I] [Phase II] Minimum Improvements thereon, as provided in the Agreement.

Promptly after completion of the [Phase I] [Phase II] Minimum Improvements in accordance with the provisions of the Agreement, the Grantor will furnish the Grantee with a Certificate of Completion so certifying. Such Certificate of Completion by the Grantor shall be (and it shall be so provided in the certification itself) a conclusive determination of satisfaction and termination of the restrictions, agreements and covenants of the Agreement and of this Deed with respect to the obligation of the Grantee, and its successors and assigns, to construct the [Phase I] [Phase II] Minimum Improvements and the dates for the beginning and completion thereof. Such certifications and such determination shall not constitute evidence of compliance with or satisfaction of any obligation of the Grantee to any holder of a mortgage, or any insurer of a mortgage, securing money loaned to finance the purchase of the Property hereby conveyed or the [Phase I] [Phase II] Minimum Improvements, or any part thereof.

All certifications provided for herein shall be in such form as will enable them to be recorded with the County Recorder or Registrar of Titles, Hennepin County, Minnesota. If the Grantor shall refuse or fail to provide any such certification in accordance with the provisions of the Agreement and this Deed,

the Grantor shall, within 30 days after written request by the Grantee, provide the Grantee with a written statement indicating in adequate detail in what respects the Grantee has failed to complete the [Phase I] [Phase II] Minimum Improvements in accordance with the provisions of the Agreement or is otherwise in default, and what measures or acts it will be necessary, in the opinion of the Grantor, for the Grantee to take or perform in order to obtain such certification.

SECTION 2.

The Grantee's rights and interest in the Property are subject to the terms and conditions of Section 10.3 of the Agreement relating to the Grantor's right to re-enter and revest in Grantor title to the Property under conditions specified therein, including but not limited to termination of such right upon issuance of a Certificate of Completion as defined in the Agreement. In addition, Grantor also has the right to repurchase the Property under certain circumstances described in Section 6.1(f) of the Agreement.

SECTION 3.

The Grantee agrees for itself and its successors and assigns to or of the Property or any part thereof, hereinbefore described, that the Grantee and such successors and assigns shall comply with all provisions of the Agreement that relate to the Property or use thereof for the periods specified in the Agreement, including without limitation the covenant set forth in Section 11.3 thereof.

It is intended and agreed that the above and foregoing agreements and covenants shall be covenants running with the land for the respective terms herein provided, and that they shall, in any event, and without regard to technical classification or designation, legal or otherwise, and except only as otherwise specifically provided in this Deed, be binding, to the fullest extent permitted by law and equity for the benefit and in favor of, and enforceable by, the Grantor against the Grantee, its successors and assigns, and every successor in interest to the Property, or any part thereof or any interest therein, and any party in possession or occupancy of the Property or any part thereof.

In amplification, and not in restriction of, the provisions of the preceding section, it is intended and agreed that the Grantor shall be deemed a beneficiary of the agreements and covenants provided herein, both for and in its own right, and also for the purposes of protecting the interest of the community and the other parties, public or private, in whose favor or for whose benefit these agreements and covenants have been provided. Such agreements and covenants shall run in favor of the Grantor without regard to whether the Grantor has at any time been, remains, or is an owner of any land or interest therein to, or in favor of, which such agreements and covenants relate. The Grantor shall have the right, in the event of any breach of any such agreement or covenant to exercise all the rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breach of agreement or covenant, to which it or any other beneficiaries of such agreement or covenant may be entitled; provided that Grantor shall not have any right to re-enter the Property or revest in the Grantor the estate conveyed by this Deed on grounds of Grantee's failure to comply with its obligations under this Section 3.

SECTION 4.

This Deed is also given subject to the provision of the ordinances, building and zoning laws of the City, and state and federal laws and regulations in so far as they affect this real estate.

Grantor certifies that it does not know of any wells on the Property.

IN WITNESS WHEREOF, the Grantor has caused this Deed to be duly executed in its behalf by its President and Administrator as of the date and year first written above.

PORT AUTHORITY OF THE CITY OF BLOOMINGTON

By _____
Its President

By _____
Its Administrator

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of _____ 20___, by _____, the President of the Port Authority of the City of Bloomington, a public body politic and corporate, on behalf of the Authority.

_____
Notary Public

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of _____ 20___, by _____, the Administrator of the Port Authority of the City of Bloomington, a public body politic and corporate, on behalf of the Authority.

_____
Notary Public

This instrument was drafted by:

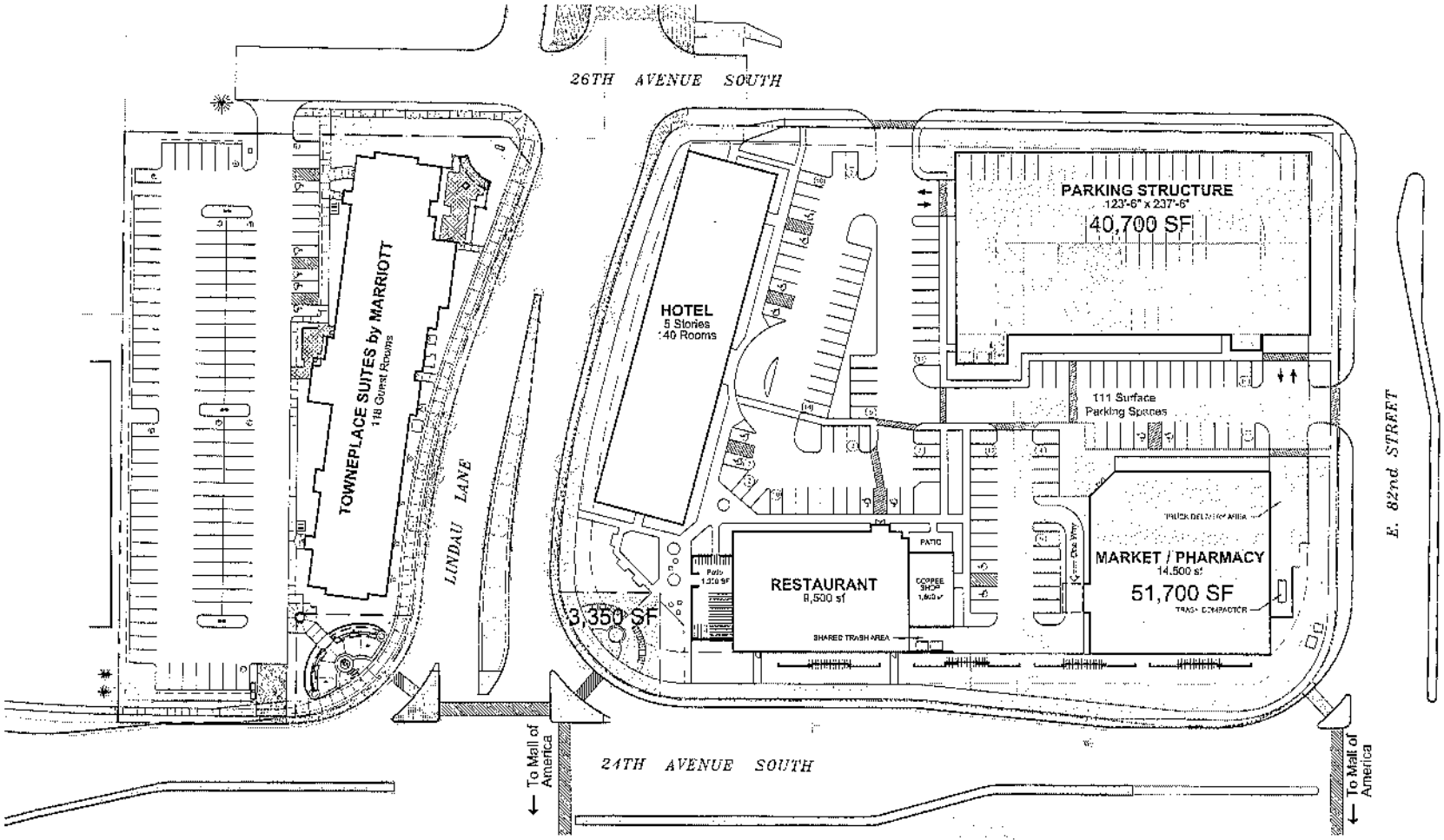
Kennedy & Graven, Chartered (JAE)
470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis, Minnesota 55402

EXHIBIT D
EXTERIOR MATERIALS AND SOUND MITIGATION

Sound Mitigation: Plans submitted for building permits must include documentation that unit construction and building materials will provide a composite Sound Transmission Class (STC) 38 dB rating for exterior noise protection to guestrooms. Noise protection levels for interior common spaces must be reviewed and approved by the Planning Manager prior to issuance of a building permit.

Exterior Materials: Developer shall use durable and easily maintained low maintenance exterior materials. Developer shall use quality, durable finishes in public guest areas. Developer shall ensure that exterior materials meet local building and zoning codes, are approved by the hotel franchisor, the City, and are subject to the plan approval process identified in article 5.2.

EXHIBIT E
SITE PLAN

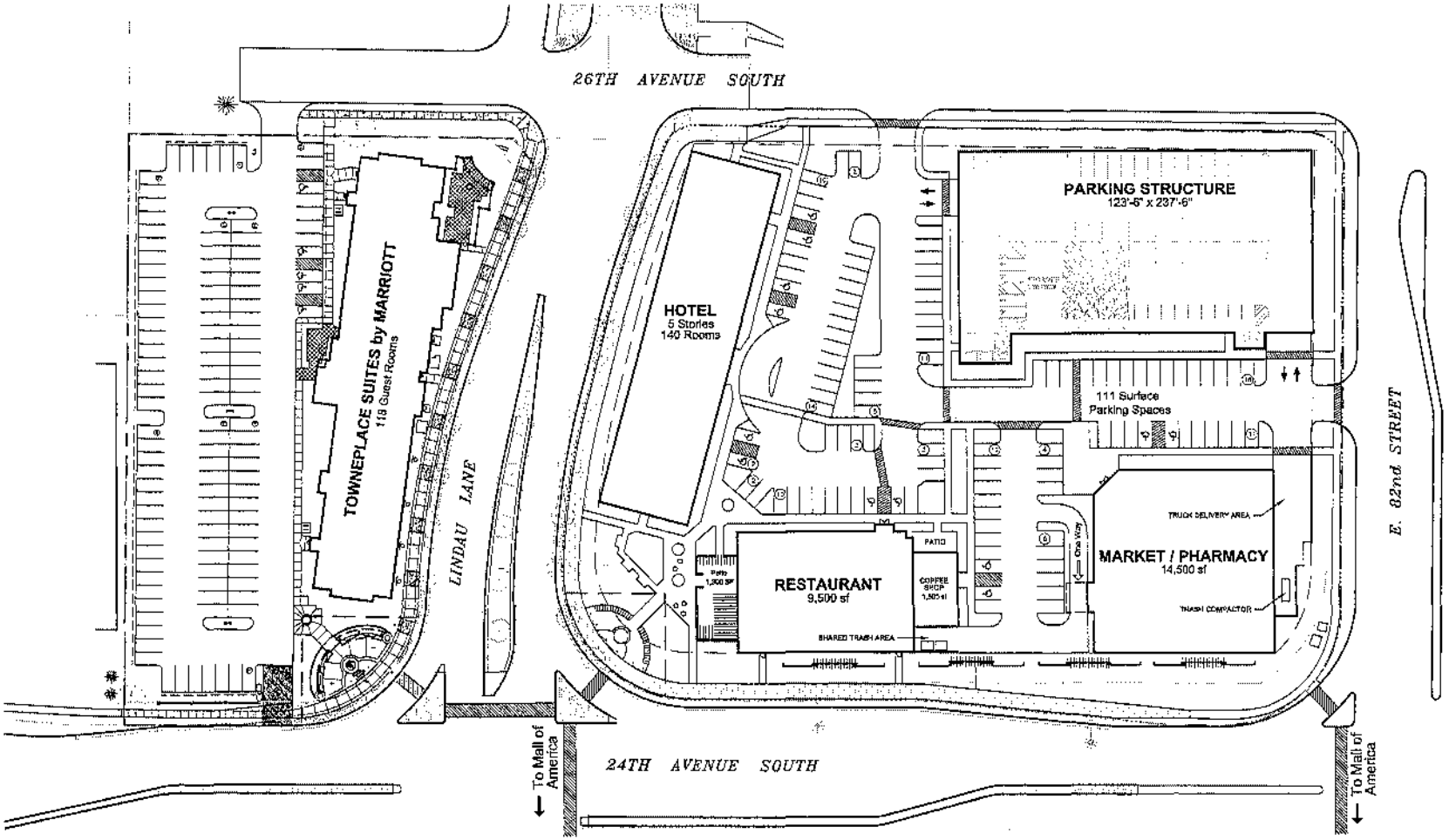


Alpha B Site Plan (16) - Bloomington, MN

Hotel, Restaurant & Retail 11/20/2014

the LLC
land planning
landscape architecture
land entitlement

0 30 60 120
1" = 60'



Alpha B Site Plan (16) - Bloomington, MN

Hotel, Restaurant & Retail 11/20/2014

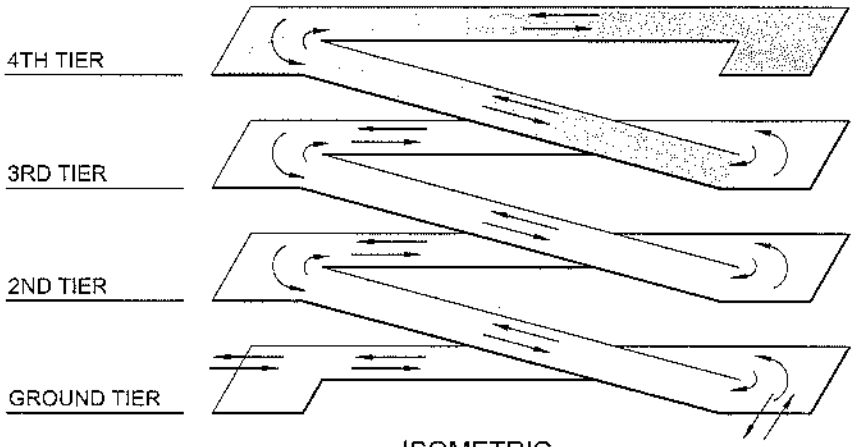
the LLC
land planning
landscape architecture
land entitlement

0 30 60 120
1" = 60'

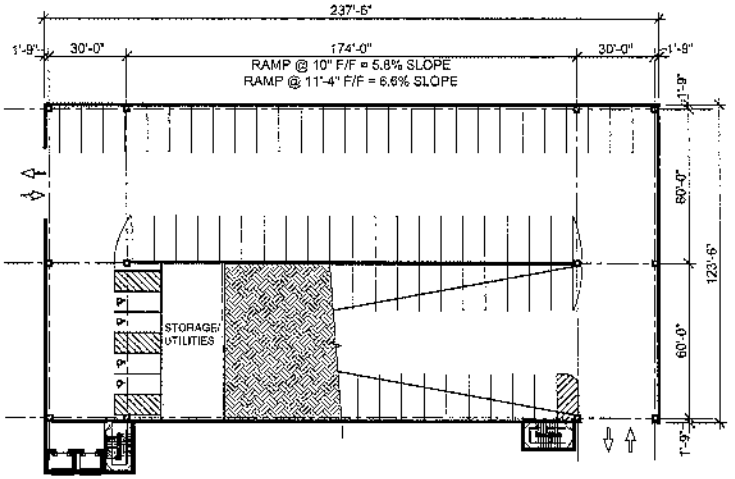
EXHIBIT F
PARKING RAMP DESIGN

- Approximately 320 parking stalls
- Cast-in-place concrete, post tensioned construction.
- Two elevators and two staircases similar in design to the ramp constructed at 28th Avenue and Lindau Lane in Bloomington.
- LED ramp lighting, signage, and safety systems similar to the ramp at 28th Avenue.
- Mutually agreed to exterior façade that is aesthetically compatible with the surrounding buildings
- Meets all local building codes and zoning.

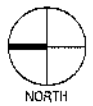
WALKER
PARKING CONSULTANTS
1660 South Highway 100
Suite 424
Minneapolis, MN 55416
952.595.9116 Ph
952.595.9518 Fax



ISOMETRIC
VIEW LOOKING EAST
SHADED AREA = 9'-0" STALLS



GRADE LEVEL PLAN



CAR COUNT
8'-6" 90° STANDARD SPACE
9'-0" 90° STANDARD SPACE

TIER	STANDARD 8'-6"	STANDARD 9'-0"	ACCESSIBLE	TOTAL
GROUND	68	0	4	72
SECOND	90	0	2	92
THIRD	67	22	1	90
FOURTH	0	71	1	72
TOTAL	225	93	8	326

12/4/2014

EXHIBIT G
BUSINESS SUBSIDY ACT CERTIFICATE

Port Authority of the City of Bloomington
Bloomington Civic Plaza
1800 West Old Shakopee Road
Bloomington, MN 55431
Attn: Administrator

Re: Exemption from Business Subsidy Act

On _____, 2014, the Port Authority of the City of Bloomington (the "Authority"), the City of Bloomington (the "City") and South Loop Investments, LLC (the "Developer") entered into a Purchase and Redevelopment Contract (the "Contract") regarding the redevelopment of certain property located in the City (the "Development Property"). All capitalized terms not defined herein have the definitions given such term in the Contract.

The Developer warrants and represents that its investment in the purchase of the [Phase I Property][Phase II Property] and in site preparation on such property (net of any portion of such costs reimbursed by the City or the Authority under the Contract) will equal at least 70% of the City assessor's estimated market value of the [Phase I Property] [Phase II Property] for the 20__ assessment year (the year such property was purchased), calculated as follows:

[Phase I][Phase II] Property cost	$_____
Plus Estimated cost of Development Property site preparation	$_____
Equals land cost and site preparation	$_____
20__ Assessor's Estimated Fair Market Value of Development Property	$_____

$_____ (acquisition and site preparation cost) less $_____ (principal amount of assistance received under this Agreement) equals $_____ which is ____% of $_____ (assessor's current estimated fair market value)

SOUTH LOOP INVESTMENTS, LLC

By _____

Its _____